

**ORIGINAL**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

\_\_\_\_\_  
In the Matter of )

Implementation of the Pay Telephone )  
Reclassification and Compensation )  
Provisions of the Telecommunications )  
Act of 1996 )  
\_\_\_\_\_ )

CC Docket No. 96-128

**MOTION OF THE  
AMERICAN PUBLIC COMMUNICATIONS COUNCIL  
FOR A RULING ON THE BELL COMPANIES'  
COMPLIANCE WITH THE PAYPHONE ORDERS**

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## SUMMARY

In the comments on the BOCs' "comparably efficient interconnection" ("CEI") plans, the American Public Communications Council ("APCC") and others pointed out that the (1) Bell Operating Companies ("BOCs") have not retariffed their services to payphone service providers ("PSPs") at cost-based rates, and (2) have not tariffed the "basic payphone line" separately from "coin service" features and other unbundled functions, as required by the Payphone Orders, and therefore, the BOCs are disqualified from receiving interim payphone compensation. The BOCs and, it appears, the Commission staff, take the position that these issues are not within the scope of CEI plan review. Therefore, APCC is filing this Motion to request that the Commission rule -- if not within the CEI proceeding then in a separate ruling, in response to this Motion or otherwise -- that the BOCs have not complied with these requirements and do not qualify for payphone compensation until they comply.

The FCC's Reconsideration Order requires that the BOCs and other local exchange carriers ("LECs") must tariff a "basic payphone line" as well as associated "unbundled features or functions" at cost-based rates as a condition of their eligibility to receive interim payphone compensation. The Commission is ultimately responsible to ensure that these requirements have been satisfied.

The Reconsideration Order requires that all services offered to PSPs, including existing state-tariffed "COCOT" line service, be offered at cost-based rates complying with the FCC's "new services" test. Compliance with this requirement is critical to the success

of payphone competition. Telephone service charges are the biggest single cost incurred by PSPs. With the deregulation of local coin calling charges to end users, excessively high costs for local service to PSPs will be reflected in unnecessarily high coin calling charges to end users.

Virtually none of the BOCs has refiled any COCOT service tariffs in order to comply with the requirement that COCOT service rates be cost-based, or even requested a state determination that their existing rates comply with the "new services" test.

The Commission's order requires LECs to tariff the "basic payphone line" separately from "unbundled features or functions" such as coin service features. Instead of complying with this requirement, most of the BOCs have bundled coin service features with the basic payphone line and other payphone features, to create a "coin-line" offering that is priced inconsistently with the pricing of other payphone service offerings. This approach has three negative consequences: (1) a tariffed "basic payphone line" rate is not presented to state regulators for review to ensure it is cost based; (2) without a uniform price for the basic payphone line and the features offered to both "smart" and "dumb" payphones, the BOCs' bundled "coin-line" services are inconsistently priced and sometimes even exceed the combined prices for unbundled COCOT service elements that offer less network functionality; and (3) by introducing interim "flat rates" for "coin-line" service while applying usage-sensitive rates to COCOT service, the BOCs artificially enhanced their own ability to compete for higher volume payphone locations.

Finally, the Payphone Order requires that LEC services to PSPs be provided on a nondiscriminatory basis. Most of the BOCs' coin services allow the BOC's own payphone division to select the rates charged at the payphone for intraLATA sent-paid and local overtime calls, but do not offer independent providers the same ability to select rates. This is not a question of "unbundling," but straight discrimination. Moreover, BOCs force PSPs to use the BOCs' operator services, even though Section 276 provides that independent PSPs are entitled to select the operator service providers ("OSP") for intraLATA calls.

Each of these requirements is plainly expressed in the Payphone Orders. The requirements should not be waived. Until the BOCs satisfy these requirements, the Commission should rule that they are ineligible for payphone compensation.

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Pursuant to Rule 1.41 of the Commission's Rules of Practice and Procedure, the American Public Communications Council ("APCC") requests the Commission to rule that the Bell operating companies' ("BOC") failure to (1) retariff their basic services to payphone service providers ("PSPs") at cost-based rates and (2) tariff the "basic payphone line" separately from "coin service" features (such as coin supervision, coin counting and call rating) and other "unbundled features or functions," as required by the Payphone Orders,<sup>1</sup> disqualifies the BOCs from receiving interim compensation under the Payphone Orders.

<sup>1</sup> Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Notice of  
(Footnote continued)

APCC is a national trade association of some 1,200 independent (non-telephone company) providers of pay telephone equipment and services. APCC's purpose is to promote fair competition and high standards of service in the payphone and public communications markets.

APCC first raised the issues addressed below in its comments on the BOCs' comparably efficient interconnection ("CEI") plans.<sup>2</sup> The BOCs, and it appears, Commission staff, take the position that these issues are outside the scope of review of the CEI plans. Thus, APCC is filing this Motion because it does not appear there is a clear forum for addressing these issues, and the Commission must address them, before the BOCs can receive compensation under the Payphone Orders.

## **I. BACKGROUND**

Section 276 prohibits BOCs from subsidizing or discriminating in favor of their own payphone operation. 47 U.S.C. § 276(a). The FCC's Payphone Order implements these requirements and extends them to all local exchange carriers ("LECs").

(Footnote continued)

Proposed Rulemaking, 11 FCC Rcd 6716 (1996), Report and Order, FCC 96-388, released September 20, 1996 ("Payphone Order"), Order on Reconsideration, FCC 96-439, released November 8, 1996 ("Reconsideration Order"). The Payphone Order and Reconsideration Order are referred to collectively as the "Payphone Orders."

<sup>2</sup> See APCC's Comments filed in CC Docket No. 96-128 on December 30, 1996 (on Bell South CEI Plan), December 31, 1996 (Errata to Comments on BellSouth CEI Plan), January 3, 1997 (on Ameritech CEI Plan), February 7, 1997 (on Bell Atlantic, NYNEX, Southwestern Bell and U S West CEI Plans) and February 12, 1997 (on PacTel's CEI Plan and Errata to Comments on Bell Atlantic, NYNEX, Southwestern Bell and U S West CEI Plans).

In the Payphone Orders, the Commission required, *inter alia*, that before each LEC can receive compensation as PSPs:

a LEC must be able to certify the following:

- (1) it has an effective cost allocation manual ("CAM") filing;
- (2) it has an effective interstate CCL tariff reflecting a reduction for deregulated payphone costs and reflecting additional multiline subscriber line charge ("SLC") revenue;
- (3) it has effective intrastate tariffs reflecting the removal of charges that recover the costs of payphones and any intrastate subsidies;
- (4) it has deregulated and reclassified or transferred the value of payphone customer premises equipment ("CPE") and related costs as required in the [Payphone Order];
- (5) it has in effect intrastate tariffs for basic payphone services (for "dumb" and "smart" payphones); and
- (6) it has in effect intrastate and interstate tariffs for unbundled functionalities associated with those lines.

Reconsideration Order, ¶ 131. "In addition to the [above] requirements for all other LECs, BOCs must also have approved CEI plans for basic payphone services and unbundled functionalities prior to receiving compensation." Reconsideration Order, ¶ 132. The Commission has authorized the Chief of the Common Carrier Bureau "to make any necessary determination as to whether a LEC has complied with all requirements as set forth above." Id.

The manner in which LECs must implement the fifth and sixth requirements of Paragraph 131, which relate to tariffed services, features and functions for PSPs, is discussed further in Paragraphs 162 and 163 of the Reconsideration Order. LECs must tariff, in the



state jurisdiction only, a "basic payphone line" that enables PSPs to use either "instrument-implemented 'smart payphones' or 'dumb' payphone. . . ." In addition to tariffing a "basic payphone line" in the state jurisdiction, LECs must tariff, in both the federal and state jurisdictions, "any basic network services or unbundled features used by a LEC's operations to provide payphone services . . . ." *Id.*, ¶¶ 162, 163. To meet these tariffing requirements, LECs obviously have to separate the "basic payphone line" (tariffed at the state level only) from the "network services or unbundled features" used by their own payphones (tariffed at the federal and state levels).

The Commission requires further that state-tariffed and federally-tariffed LEC payphone services must be: "(1) cost based; (2) consistent with the requirements of Section 276, with regard, for example, to the removal of subsidies from exchange and exchange access services; and (3) nondiscriminatory." *Id.*, ¶ 163. "Cost-based" is defined as complying with the "new services" test codified at 47 C.F.R. § 61.49(g)(2). Reconsideration Order, ¶ 163 & n.492. Under the "new services" test, "cost-based" rates are defined by the FCC to equal direct costs plus an appropriate level of overhead costs. Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, CC Docket No. 89-79, 6 FCC Rcd 4524, 4531 (1991) ("ONA Order"), ¶¶ 38-44.

LECs were required to make all necessary tariff filings to implement Paragraphs 162 and 163 by January 15, 1997. Reconsideration Order, ¶ 163. Although the FCC stated it will rely on the states to determine, at least in the first instance, whether

state-tariffed services comply with the Payphone Orders and Section 276 of the Act, the Commission made clear that if a state is unable to review the tariffs, the Commission will do so. *Id.*, ¶ 163. Further, the Commission has expressly recognized its responsibility to ensure that all the requirements of the Payphone Orders and Section 276, including state tariffing requirements, have been implemented. *Id.*, ¶ 132.

As discussed below, the BOCs have not complied with the requirements of Paragraph 163. They have not retariffed existing payphone services at cost-based rates, and they have not tariffed the basic payphone line separately from coin service features and other unbundled functionalities.<sup>3</sup> As a result, the structure of the BOCs' tariffs discriminate in favor of the BOCs and against independent PSPs. The BOCs' tariffs are also discriminatory, on their face, because their bundled "coin-line" services do not even permit PSPs to select rates charged to end users for local overtime and intraLATA sent-paid calls, nor to select operator service providers ("OSPs") other than the BOCs.

In their comments on the BOC CEI Plans, APCC and other payphone associations pointed out these violations of the Payphone Order and urged that the CEI plans be disapproved. In reply, the BOCs generally have not even attempted to make a *prima facie* showing, or even asserted, that their tariffs comply with the "new services" test and are structured to comply with Paragraph 163. Rather, the BOCs deny that these issues

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<sup>3</sup> Further, to APCC's knowledge, none of the BOCs have filed federal tariffs for "coin service" features, and few have filed federal tariffs for other "network services or unbundled features" that they provide to their own payphone operations. APCC is separately filing an ex parte letter regarding the BOCs' non-compliance with federal tariffing requirements.

are within the scope of review of the BOC CEI plans. Based on APCC's discussions with the Bureau staff reviewing the CEI plans, the staff appears to share the BOCs' view on the scope of the CEI proceedings.

Whether or not the CEI proceedings are the appropriate forum for addressing these issues, the BOCs must comply with these requirements in order to qualify for payphone compensation, and before receiving any compensation. See Reconsideration Order, ¶ 131. While Congress gave the Commission discretion to implement Section 276, Congress made clear that curing discrimination is an absolute necessity to developing competition in the payphone industry. In its Payphone Orders, the Commission adopted safeguards against discrimination, and the Commission should not permit the BOCs to start receiving payphone compensation before the Commission's safeguards are met. Cf. 47 U.S.C. § 271 (BOCs have to satisfy checklist before being allowed to provide in-region interLATA service). If the BOCs are permitted to begin receiving compensation before satisfying the Commission's safeguards, then the incentive for getting the BOCs to comply fully and expeditiously will be lost.

The Commission is ultimately responsible for determining BOC compliance. Id., ¶ 132. To the extent that the Commission does not address these issues in the CEI proceedings, then this Motion requests the Commission to rule separately on the BOCs' compliance with the tariffing requirements of the Payphone Orders. Accordingly, APCC requests that the Commission rule that the BOCs have failed to tariff services for PSPs in

accordance with the Payphone Orders, and thereby have failed to establish eligibility for payphone compensation, specifically the \$45.85 interim compensation.

## **II. THE BOCS HAVE FAILED TO COMPLY WITH CONDITIONS TO RECEIVING PAYPHONE COMPENSATION**

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Until the BOCs demonstrate compliance with the conditions specified in Paragraphs 131, 132, 162 and 163 of the Reconsideration Order, they are not eligible to receive the payphone compensation prescribed by the Payphone Orders. See Reconsideration Order, ¶ 131. APCC has addressed at length the failure of each BOC to comply with the requirements of Paragraph 163 in APCC's comments on each BOC's CEI plan. The BOCs' noncompliance is summarized below, but APCC incorporates herein by reference the material already filed by APCC.<sup>4</sup>

### **A. The BOCs Fail To Demonstrate That Their Rates Are Cost Based**

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The BOCs have failed to demonstrate compliance with the FCC's requirement that all rates for all payphone services offered to PSPs must be cost based. Reconsideration Order, ¶ 163. Paragraphs 162 and 163 of the Reconsideration Order required the BOCs

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<sup>4</sup> Moreover, the BOCs have failed to demonstrate, with cost data, that they have eliminated all intrastate subsidies or cost recovery for their deregulated payphone operations from regulated local exchange and exchange access services. See 47 U.S.C. § 276(a)(1); Payphone Order, ¶ 186. In fact, while the BOCs have repeatedly admitted that they have subsidized payphones, see e.g., Initial Brief for Petitioners Bell Atlantic Corporation, BellSouth Corporation, NYNEX Corporation, Pacific Telesis Group, Southwestern Bell Telephone Company and U S West, Inc., at 3, Illinois Pub. Telecommunications Ass'n v. FCC, (D.C. Cir. 1997) (No. 96-1394 and consolidated cases), they have made no showing that they have eliminated these subsidies.

to file tariffs for "basic payphone services that enable independent providers to offer payphone services using instrument-implemented 'smart payphones' or 'dumb' payphones that utilize central office coin services ...." *Id.*, ¶ 162. These "basic payphone services," as well as any unbundled functions provided to a LEC's own payphone operations, must be tariffed at the state level at cost-based rates. *Id.*, ¶ 163. Thus, for the first time, the BOCs were required to ensure that their existing "COCOT" services<sup>5</sup> as well as their new "coin service" features and other specialized functions, were tariffed at "cost-based" rates under the Commission's "new services" test.<sup>6</sup>

These requirements are critical to promoting competition in the payphone industry in accordance with Section 276 of the Act. Independent PSPs have been subject to rates for "COCOT" services that exceed cost, inhibiting the development of competition. Limiting rates for basic payphone services to direct costs plus reasonable overhead will serve the public convenience and necessity by fostering viable competition in the payphone market.

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<sup>5</sup> "COCOT" service refers to the basic service -- essentially a business line -- that historically has been provided to PSPs by BOCs and other LECs. The service goes under various acronyms, such as "COPT," "PAL," "IPP" line, etc.

<sup>6</sup> Under the Computer III guidelines, see Reconsideration Order, ¶ 163, the BOCs were required to provide full documentation for their basic PSP service rates, including: (1) a cost study containing a projection of costs for a representative 12-month period; (2) estimates of the effect of any new service on the traffic and revenues, including the traffic and revenues of other services; and (3) supporting working papers for estimates of costs, traffic, and revenues. ONA Order, ¶ 42. The BOCs failed to comply with this requirement.

Competition in the payphone industry will be especially important when the Commission-mandated deregulation of local coin calling rates becomes effective in October 1997. To the extent that the BOCs' "COCOT" service continues to be priced in excess of cost, all PSPs using the service will be forced to charge end users unnecessarily high rates to make payphone calls. The BOCs' charges for regulated services represent the largest component of a PSP's cost for providing a local call. If competition in the payphone market has been achieved, then natural economic forces will cause end user rates to settle at the PSP's cost plus a reasonable rate of return. A decrease in this cost will be reflected in rates to end users. On the other hand, if the current artificially high "COCOT" rates<sup>7</sup> are allowed to remain, those rates will (1) inhibit the competition that will be necessary to ensure reasonable local coin rates and (2) maintain high operating costs that force local rates to be set at higher levels.

While the BOCs have filed "coin-line" service tariffs, virtually none of the BOCs attempted to implement the requirement that "COCOT" service be retariffed at cost-based

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<sup>7</sup> When evaluating BOCs' compliance with the Payphone Orders, the Commission must bear in mind the existing state of the payphone industry, which is the result of a decade of inequitable treatment of independent PSPs. For example, as discussed in part in the FCC's Payphone Order, for many years independent PSPs were denied any opportunity at all to interconnect to the coin service functions of the BOCs' networks. Independent PSPs were forced, whether they wished to or not, to invest in payphone instrument-based technology ("smart" payphones) in order to provide the basic call rating functions and call control functions that are essential to the operation of a coin payphone.

Further, as discussed below, the BOCs' proposed "coin-line" services are not useful to independent PSPs, because they do not allow independent PSPs to select their own rates for sent-paid toll calls, or to route non-sent paid calls to the operator service provider of their choice. For these reasons, the Commission must assume that "COCOT" service will remain the only viable interconnection option for most PSPs, while "coin" service will be used overwhelmingly with the BOCs' own payphones ("dumb" payphones).

rates under the "new services" test. In virtually no state, to APCC's knowledge, has any BOC filed tariff revisions to adjust its "COCOT" service rates. The BOCs did not even request state determinations that their existing COCOT services are cost-based under the "new services" test. Thus, the BOCs have failed to comply with the tariffing requirements of Paragraphs 162 and 163. Until they meet these requirements, they are not permitted to receive payphone compensation under the Payphone Orders. See Reconsideration Order, ¶ 131.

**B. By Failing To Tariff Separately A "Basic Payphone Line," The BOCs "COCOT" And "Coin" Service Rate Structures Perpetuate Illegal Discrimination**

The Commission requires LECs to tariff the "basic payphone line" in state jurisdictions, while tariffing "unbundled features or functions" associated with the basic payphone line at the FCC and at state commissions. Reconsideration Order, ¶¶ 162, 163. Because "basic payphone lines" (i.e., "COCOT" lines) are available without coin service functions (coin counting, coin supervision and call rating), those coin service functions constitute unbundled features or functions, and the BOCs should have tariffed them separately from the "basic payphone line." The BOCs, however, did not file tariffs providing coin service features separately from the "basic payphone line." Instead, BOCs bundled coin service functions with the "basic payphone line" and other functions such as call screening and answer supervision, which they offered as "coin-line" services.

By bundling coin service features and other functions with the "basic payphone line," the BOCs have created anticompetitive and discriminatory rate structures that violate the Payphone Order in several respects. First, by filing new tariffs only for a bundled "coin line," the BOCs preclude state commissions from conducting a timely review of the price of the basic payphone line to determine if it is cost based under the "new services" test. As discussed above, this significantly obstructs competition.

Second, the bundled "coin line" enables the BOCs to structure rates in a manner that discriminates against independent PSPs and in favor of their payphone divisions. There is no uniform price for the basic payphone line or for features such as blocking and screening that are used by both "smart" and "dumb" payphones. As a result, rates for the BOCs' "COCOT" services are often higher than the BOCs' rates for "coin-line" services -- after considering "COCOT" service subscribers' costs for features provided with coin lines at no charge -- even though the BOCs' coin-line services provide far more network functions.<sup>8</sup> In these cases, it appears that (1) the BOCs' coin-line rates are cost based while the COCOT rates substantially exceed costs, (2) the BOCs' COCOT rates are cost based while the coin-line rates are subsidized, or (3) neither the BOCs' coin-line nor COCOT rates are cost based. In any event, the BOCs should be required to apply uniform rate structures and methodologies for COCOT and coin services to ensure that all rates are cost based, and that there is no discrimination or subsidy favoring the BOCs' payphone divisions, before they are permitted to receive interim compensation.

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<sup>8</sup> The additional functions offered with the BOCs' coin-line services usually include coin counting, coin supervision and call rating capabilities.



Another consequence of bundling coin service functions with the basic payphone line is that, in a number of jurisdictions, BOCs have applied an "interim" flat rate for their "coin-line" services, while they have imposed measured usage charges for "COCOT" services. This exacerbates the illegal discrimination against independent PSPs. Discrimination is especially pronounced in the relatively high-volume payphone locations that are most important to the development of viable payphone competition. Coin-line service subscribers -- i.e., the BOCs' payphone divisions -- would more effectively compete for high volume locations because they would only need to pay a flat rate per payphone, no matter how many calls were placed from the payphone. Independent providers -- unless they are willing to accept the severe competition limitations of BOCs' coin-line services (see below) -- must subscribe to the measured-rate "COCOT" services and incur costs that would be much higher in high volume locations. Because of these high costs, independent PSPs could not effectively compete with the BOCs' payphone divisions to serve high volume payphone locations. Consequently, the most competitive calling rates would not be available to end users at high volume locations, where collectively end users are most affected.

Curing the illegal discrimination created by the BOCs' failure to separately tariff a "basic payphone line" and "unbundled features or functions" such as coin service functions, is one of the core requirements of the Act. See 47 U.S.C. § 276(a)(2). The Commission must address the BOCs' discrimination, if not in the CEI proceedings, then in

a separate proceeding. Thus, APCC brings these issues before the Commission by this Motion.

**C. The BOCs' "Coin Line" Services Are Discriminatory  
On Their Face**

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Besides failing to comply with the requirement in Paragraphs 162 and 163 of the Reconsideration Order that LECs tariff separately the "basic payphone line" and "unbundled features or functions," the BOCs' coin line tariffs also facially discriminate in favor of the BOCs and against other PSPs.

1. Subscriber-Selected Call Rating

The BOCs' "coin-line" services generally do not allow subscribers to select rates for sent-paid intraLATA toll calls. The only rates at which BOCs will rate intraLATA toll calls are rates tariffed by BOCs to suit the needs of their payphone divisions. Moreover, even though local call rates will be deregulated in October 1997 (see Payphone Order at ¶ 61), the BOCs do not allow coin-line service subscribers to determine whether, when, and at what rate, to charge over-time for local calls. Instead, coin-line subscribers will be forced to adhere to the BOCs' payphone divisions' decisions regarding over-time periods and corresponding rates for local calls.<sup>9</sup>

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<sup>9</sup> For example, when coin calling rates are deregulated in October 1997, a BOC may choose to charge \$0.25 for the first 5 minutes, and \$0.05 for each additional 3 minute period after the initial 5 minute period. Another PSP may prefer to have longer or shorter initial and overtime periods, or a different overtime rate, or may prefer to continue allowing unlimited local call duration after the initial coin deposit. However, a PSP using a "coin line" could not vary any of these parameters, except the amount of the initial coin deposit, from those selected by the BOC's payphone division.

Providing coin-line services that rate calls only at the end user rates used by the BOCs' own payphone division is patently discriminatory. Independent providers are precluded from offering alternative rate structures, such as "call anywhere in the United States for 25 cents per minute" -- an increasingly popular approach that has been shown to increase coin traffic at many payphones. As the FCC recognized when it deregulated local coin rates, pricing flexibility is fundamental to the development of payphone competition.

Individual rate selection is not a question of "unbundling" additional functions as some BOCs claim. The coin service that the BOCs offer their own payphone divisions allows their payphone divisions to select the rate for calls. The coin service offered to independent PSPs **does not** allow independent PSPs to select the rate for calls. Therefore, the service is discriminatory on its face.

## 2. Operator Service Provider ("OSP") Selection

The BOCs' "coin-line" tariffs also do not allow subscribers to rate intraLATA operator-assisted calls to any carrier except the BOCs themselves. Section 276 provides that independent PSPs are entitled to select the OSP for intraLATA (including local) operator-assisted calls. Therefore, to the extent that BOCs do not permit OSP selection for their coin-line services, their tariffed service offerings are inconsistent with Section 276.

\* \* \*

It is feasible for BOCs to offer "coin" service or equivalent service that is free from the above discriminations. For example, Ameritech currently provides

subscriber-selected call rating and OSP selection capabilities through its ProfitMaster service in Illinois, which is the functional equivalent of coin service. Furthermore, Southwestern Bell's "coin-line" tariffs indicate that subscribers can select the rates for sent-paid intraLATA calls.

The facial discrimination in the BOCs' "coin-line" tariffs is clearly the type of discrimination that Congress sought to eliminate with the Act. APCC brings these issues before the Commission in this Motion because the Commission must address them in a separate proceeding if they do not address them in the CEI proceedings.

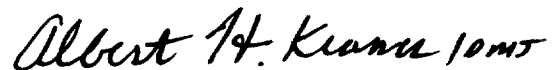
### **III. CONCLUSION**

The Commission should rule that a BOC may not receive payphone compensation until it has fully reformed its payphone service tariffs to comply with the Payphone Orders and Section 276. The Commission should require that when the BOCs refile tariffs with the states, the BOCs adjust all charges for all payphone services, including "COCOT" as well as "coin" services, to cost-based levels that comply with the "new services" test. The Commission should require BOCs to tariff a "basic payphone line" separately from associated payphone "features or functions," and to restructure their coin service and COCOT service rates to apply a uniform structure, including uniform application of flat or measured-usage rates, to all services. Finally, the Commission should require BOCs to clarify in their refiled tariffs that they permit PSPs to select end user rates for sent-paid intraLATA toll calls and to select the operator services used by their payphones.

The requirements that the BOCs must satisfy were clearly spelled out in Paragraphs 162 and 163 of the Reconsideration Order. The BOCs should not be permitted to disregard these clear requirements, and receive interim compensation anyway, with the expectation that they might correct their failure to comply later. Unless the BOCs are required to correct their noncompliance before they can receive interim compensation, as required by Paragraph 131 of the Reconsideration Order, they will not have a sufficient incentive to comply. Thus, until the BOCs fulfill these requirements, they should not be permitted to collect interim compensation.

Dated: March 26, 1997

Respectfully submitted,

A handwritten signature in black ink that reads "Albert H. Kramer" followed by a stylized flourish.

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